



October 24, 2014

Kevin McDonald
Chief - Certificate of Need Division
Center for Health Care Facilities Planning & Development Maryland Health Care Commission
4160 Patterson Ave.
Baltimore, MD 21215

Dear Mr. McDonald,

Enclosed in this package, please find our original complete application for the CON along with 6 copies. An electronic copy was also sent to you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Yoram Tanay", with a stylized flourish at the end.

Yoram Tanay
CFO
Westminster Ingleside Retirement Communities

RECEIVED

OCT 27 2014

COMMUNITY DEVELOPMENT
DIVISION

cc: Rose Matricianni
Ulder Tillman, MD
Margie Heald
Marty Roach

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**Ingleside at King Farm
Matter No. 14-15-2355
Responses to Completeness Questions Received on September 26, 2014**

Project Description

- 1. Please provide more background covering the development history of the CCF and Assisted Living (AL) facilities, including:**
 - a) The timing of all development, i.e., when the CCF and AL beds came online.**

Ingleside at King Farm received its building permit in March 2009 when it started to accept Independent Living residents into its Independent Living apartments. The seventh floor, which contains both the Assisted Living ("AL") and the Comprehensive Care Facility ("CCF") units, was licensed in June 2009. Both units came on line at that time. As explained in the CON application, in April 2013, Ingleside applied to the Office on Aging for an expansion of its CCRC Comprehensive Care capacity from 26 to 45 beds by converting 11 assisted living apartments to 19 private CCRC Comprehensive Care rooms, reducing its Assisted Living capacity from 43 to 32 apartments.

The Office on Aging informed Ingleside that, as the budget involved under \$1.5 million, it was not subject to the COMAR rules for either renovations or expansion. Ingleside then proceeded with the various permitting requests. Construction started in January 2014 and concluded in May 2014, converting one floor with 11 Assisted Living apartments to a unit with 19 CCRC Comprehensive Care private rooms. The unit received its license on June 10, 2014 and opened shortly thereafter.

- b) The cost of the additions/renovations that have occurred after initial development (e.g., the cost of converting the assisted living rooms to the CCF beds).**

The conversion of the 11 AL apartments to 19 CCF beds cost \$1,288,358.57.

Exhibit 1 shows this in the format of the CON Application's Project Budget.

c) The funding sources for all phases.

The funding source for the conversion to the 19 beds of CCF was internal cash.

Project Budget

2. The project budget submitted listed the bed purchase as a capital cost (\$100,000) under A.1.c. (4), but then left the TOTAL PROPOSED CAPITAL COSTS line blank. Please resubmit a project budget reflecting that expenditure as part of TOTAL PROPOSED CAPITAL COSTS, or explain why it is not appropriate to do so. Other sections of the application say that there are no capital costs associated with the project, a statement that is inconsistent with the information in the project budget; please clarify this.

The Bed Purchase amount of \$100,000 in the Project Budget was inadvertently entered on line 1(c)(4). Ingleside meant to enter it under Financing Cost and Other Cash Requirements on line 2(j). In the other sections of the application, the references to no capital costs were correct. Exhibit 2 includes a corrected Project Budget.

Jurisdictional Occupancy

3. In responding to 10.24.08.05B.(3), Jurisdictional Occupancy, Ingleside posits that this standard is not applicable as Ingleside is not a new nursing home, and this standard is apparently designed for new construction or expansion of beds or services. The MHCC staff believes that the intent of this standard would include a situation like this which would make 20 CCF beds newly available to the public, and thus an expansion of beds. Please address this standard, which states: *The Commission may approve a CON application for a new nursing home only if the average jurisdictional occupancy for all nursing homes in that jurisdiction equals or exceeds a 90 percent occupancy level for at least the most recent 12 month period ... or show evidence why this standard should not apply.*

Ingleside continues to maintain that this standard should not apply, as provided for in the last sentence of the standard. Ingleside respectfully disagrees with the MHCC Staff's assertion that this project would make 20 CCF beds newly available to the public. The beds proposed to be purchased from National Lutheran Village have, until recently, been available to the public for many years and are in the MHCC's bed inventory. They have very recently been in service, and are shown in the MHCC's own most recent Public Use Data Set (for 2012, which shows NLV as having 295 beds). The beds have only become available to Ingleside within the last year, as NLV has phased in its renovation, bed reduction project.

Furthermore, Ingleside is an existing licensed nursing home, also included in the Commission's inventory and Public Use Database. Table B in the CON application, which showed the countywide occupancy rates for Montgomery County, 2008-2012, included Ingleside's beds and occupancy. This application reflects a relocation of publically available beds from one existing facility to another.

The relocation of these beds will not impact the countywide occupancy percentage. Ingleside has obtained data from the 2013 Medicaid Cost Reports. (The MHCC's most recent Public Use Data are for 2012.) These 2013 data show that the countywide percent occupancy, which was 85% in 2012, had not eroded.

Table D
Beds, Patient Days, % Occupancy
Montgomery County Nursing Homes
FY 2013

Facility	Beds	Potential Days (Beds X 365)	Patient Days	% Occupancy
Althea Woodland Nursing Home	50	18,250	16,728	91.7%
Bel Pre Health & Rehab. Ctr.	90	32,850	29,803	90.7%
Manor Care Health Services - Chevy Chase	172	62,780	44,220	70.4%
Brooke Grove Rehabilitation and Nursing Center	121	44,165	41,541	94.1%

Woodside Center	92	33,580	29,987	89.3%
Fox Chase Nursing and Rehabilitation Center	74	27,010	24,485	90.7%
Shady Grove Center - Genesis HealthCare	134	48,910	46,024	94.1%
Springbrook Center	87	31,755	27,567	86.8%
Fairland Nursing & Rehabilitation Center	92	33,580	27,957	83.3%
Friends Nursing Home	82	29,930	26,592	88.8%
Bethesda Health and Rehabilitation Center	185	67,525	61,206	90.6%
Hebrew Home at Greater Washington	556	202,940	181,521	89.4%
Kensington Nursing & Rehabilitation Center	140	51,100	47,744	93.4%
Manor Care Health Services - Wheaton	94	34,310	31,979	93.2%
Rockville Nursing Home, Inc.	100	36,500	29,539	80.9%
Carriage Hill Bethesda	N/A	N/A	N/A	N/A
Herman M. Wilson Health Care Center	285	104,025	86,432	83.1%
Potomac Valley Nursing & Wellness Center	175	63,875	55,371	86.7%
Randolph Hills Nursing Center	112	40,880	32,917	80.5%
Sligo Creek Nursing and Rehabilitation Center	102	37,230	33,514	90.0%
Oakview Rehabilitation and Nursing Center	118	43,070	18,745	43.5%
Arcola Health & Rehabilitation Center	151	55,115	48,568	88.1%
Manor Care Health Services - Bethesda	110	40,150	28,534	71.1%
National Lutheran Home & Village at Rockville	219	79,935	52,784	66.0%
Layhill Center - Genesis Health Care	118	43,070	38,936	90.4%
Manor Care Health Services - Potomac	158	57,670	51,764	89.8%
Manor Care Health Services - Silver Spring	148	54,020	49,704	92.0%
Bedford Court Sunrise Senior Living Services	60	21,900	17,190	78.5%
Montgomery Village Health Care Center	147	53,655	47,536	88.6%
Collingswood Nursing and Rehabilitation Center	160	58,400	52,882	90.6%
Maplewood Park Place	N/A	N/A	N/A	N/A
Ingleside at King Farm	26	9,490	9,193	96.9%
Sanctuary at Holy Cross	145	52,925	48,862	92.3%
Brighton Gardens	39	14,235	10,436	73.3%
Total	4,342	1,584,830	1,350,261	85.2%

Note: There were no data for Carriage Hill Bethesda and Maplewood Park Place.

Please note that these data also include Ingleside.

The MHCC should not consider Ingleside an existing facility for some purposes and not an existing facility for other purposes. This standard should not apply to this application.

Medical Assistance Participation

4. Ingleside's application states:

"Ingleside already participates in the Medical Assistance Program. Ingleside will request the most recent MOU. The most current Medicaid minimum percentage requirement was published by the MHCC in the Maryland Register, Volume 41, Issue 4, Friday, February 21, 2014 and was 41.5 for Montgomery County. Ingleside's projections in CON Formset Table 4 show that it will meet this requirement for the 20 public beds."

However:

- **Table 4 shows 19% of patient days being Medicaid in both 2015 and 2016.**
- **Table 5 shows only 3% of CCF patient services revenue coming from Medicaid in the first year at full utilization.**

- a) **Please explain the apparent contradiction; i.e., committing to an MOU of 45.1% of patient days to come from Medicaid, while projecting such low Medicaid utilization. Complete the table below to better illustrate the projections.**

The patient days of 19% shown on CON Formset Table 4 is for the whole CCF unit. 19% of 45 beds in the unit represent 8.55 beds. That number of beds as a percentage of the 20 CON beds is in fact 42.75%. However, Medicaid residents are often long term residents, while non-Medicaid residents from the outside community will often be short-term, rehabilitation residents. Ingleside expected that the non-Medicaid CON beds will be filled less than the Medicaid beds. Therefore, 8.55 average Medicaid bed occupancy is likely to represent approximately 45% of the total occupancy in the 20 CON beds.

	25 CCRC Beds (as proposed)						20 Public Beds (as proposed)				
	2012	2013	2014	2015	2016		2012	2013	2014	2015	2016
Admissions	31	18	39	42	16		0	0	0	55	210
Patient Days	7,866	9,154	11,268	11,450	10,658		0	0	0	1,825	5,110
Occupancy %	82.9%	96.5%	84.3%	104.8%	116.8%					25.0%	70.0%
Payor Mix as a % of Patient Days											
Medicare	3.7%	3.1%	2.9%	3.0%	3.0%					50.0%	45.0%
Medicaid	0.7%	0.5%	0.0%	0.7%	5.8%					45.0%	45.0%
Commercial Insurance	0.0%	0.0%	0.0%	0.0%	0.0%						
Self Pay	95.6%	96.4%	97.1%	96.3%	91.2%					5.0%	10.0%

b) Please provide documentation of Ingleside's current participation in the Medical Assistance Program.

The Medicaid provider number of Ingleside at King Farm is: 420713100

5. Ingleside's application stated that the actuarial calculations in its feasibility study projected that it would need between 45 and 55 CCF beds to accommodate its CCRC subscribers, but that Ingleside chose to construct 26 such beds at inception and planned to increase the number of beds over time as needed.

a) What was the anticipated time horizon for when the 45-55 CCF beds would be needed?

Exhibit 3 includes a Table 2.1 from Ingleside's actuary, A.V. Powell, prepared in April 2012, based on 2011 calculations. It indicates that 45 beds will be needed by 2029.

b) At the time of filing this CON application, Ingleside had 29 CCF beds occupied (leaving 16 that theoretically could have been publicly-available). If a CON is granted for public beds, what is Ingleside's plan for filling those beds in light of the need to have beds available for CCRC residents; i.e., would you always be leaving a number of beds open to accommodate CCRC need?

Ingleside acknowledges that it will use the additional 20 beds, to some extent, as beds for its CCRC residents. The number of CCF beds utilized by Ingleside at King Farm CCRC residents fluctuates a great deal. At one point, in 2013 it rose to 32, while only 26 beds were available. At that time, Ingleside had to contract with other nursing homes to take our overflow. One of the reasons for the increase is that for a number of years we have accepted residents from the community directly into Assisted Living ("AL"). These residents have proven to be more fragile than we expected; therefore, these residents have transferred to CCF beds after comparatively short stays in AL. With the reduction of 11 AL apartments (that converted to the 19 CCF beds), we rarely have to admit residents from the outside directly into the AL apartments to maintain AL occupancy. Consequently, we do not expect the inflow of these residents as readily into the CCF beds as in the past. We are mindful that CCF resident numbers fluctuate a great deal, especially among those who need rehabilitation. While Ingleside expects to keep 1 - 2 of its 45 total beds available at all times for our CCRC residents, we are able to control this due to two reasons: a) we are always aware of the upcoming needs of our residents and b) we expect the public beds not utilized by Medicaid residents to be mostly short-term rehabilitation patients.

c) Please provide documentation that the Continuing Care Division of the Maryland Department of Aging is comfortable with Ingleside's proposed allotment of 20 public beds.

Ingleside at King Farm has kept Martha C. Roach, Chief, Continuing Care, Maryland Department of Aging, apprised of every step that we have taken with regard to exchanging our AL apartments for CCF beds and proposing to purchase CON beds. To

our understanding, Ms. Roach has recently returned from vacation. Ingleside has contacted her seeking confirmation and will forward to the Commission her response when we receive it.

- d) Also hypothetically assuming that these public beds were approved, how would Ingleside assure the ability to meet the MOU requirement (i.e., 41.5% of patient days for 20 beds being used by Medicaid recipients) as more and more beds were used by CCRC residents as projected in the actuarial studies?**

Ingleside will keep a constantly updated tally of the Medicaid percentage of the public patient days in the 20 beds. Ingleside is confident that it will attract sufficient public Medicaid CCF residents to meet the percentage.

Need

- 6. The application takes the position that activating 20 temporarily delicensed beds that are already in the bed inventory (although not in service) does not increase bed supply. While this is true "on paper," in reality, it increases effective supply. Please elaborate on why the Commission should approve the effective addition of 20 beds in a jurisdiction where its bed need methodology shows a significant surplus, and when existing facilities show a use rate that is among the lowest in Maryland.**

In fact, the beds to be purchased from National Lutheran Village ("NLV") have very recently been in service, and are shown in the MHCC's own most recent Public Use Data Set (for 2012, which shows NLV as having 295 beds). The beds have only become available within the last year, as NLV has phased in its renovation, bed reduction project.

According to the 2012 Public Use Data Base, there were 69,224 Comprehensive Care patient days at NLV. This calculates to an Average Daily Census of 189.65 patients ($69,224/365=189.65$) and 199.64 beds at 95% occupancy. ($189.65/0.95 = 199.64$) However, NLV will only have 160 beds at the end of their project. There will

Figure 1 shows the facilities within a five mile radius of Ingleside.

9

Table E
Licensed Beds, Patient Days, Percent Occupancy
Facilities within a Five Mile Radius of Ingleside
FY 2012

Facility	Lic Beds (EDO2012)_Comp	Lic Beds (EDO2012) Quad Room	Bed Days (Bedsx365)	Total Patient Days_Comp	% Occupancy
Shady Grove Center - Genesis HealthCare	134		48,910	45,517	93.1%
Hebrew Home at Greater Washington	556		202,940	176,171	86.8%
Rockville Nursing Home, Inc.	100		36,500	30,572	83.8%
Herman M. Wilson Health Care Center	285		104,025	88,094	84.7%
Potomac Valley Nursing & Wellness Center	175	32	63,875	55,327	86.6%
National Lutheran Home & Village at Rockville	295	8	107,675	69,224	64.3%
Montgomery Village Health Care Center	147		53,655	46,550	86.8%
Collingswood Nursing and Rehabilitation Center	160		58,400	53,105	90.9%
Total	1,852		675,980	564,560	83.5%

However, as one can see, 32 of the beds at Potomac Valley Nursing & Wellness Center are in Quad (four person) rooms. If the number of beds at Potomac Valley are reduced to 159 (counting the Quad rooms as semi-private rooms) and if the number of beds at NLV are counted as 160 (the number for which they will be licensed at the end of their renovation project), the percent occupancy for these facilities increases to over 90%.

Table F
Adjusted Licensed Beds, Patient Days, Percent Occupancy
Facilities within a Five Mile Radius of Ingleside
FY 2012

Facility	Lic Beds (ED02012)_Comp	Bed Days (Bedsx365)	Total Patient Days_Comp	% Occupancy
Shady Grove Center - Genesis HealthCare	134	48,910	45,517	93.1%
Hebrew Home at Greater Washington	556	202,940	176,171	86.8%
Rockville Nursing Home, Inc.	100	36,500	30,572	83.8%
Herman M. Wilson Health Care Center	285	104,025	88,094	84.7%
Potomac Valley Nursing & Wellness Center	159	58,035	55,327	95.3%
National Lutheran Home & Village at Rockville	160	58,400	69,224	118.5%
Montgomery Village Health Care Center	147	53,655	46,550	86.8%
Collingswood Nursing and Rehabilitation Center	160	58,400	53,105	90.9%
Total	1,701	620,865	564,560	90.9%

The addition of the 20 beds at Ingleside would only reduce the percentage by 1%.

Furthermore, as discussed in the CON application, the Commission has a long precedence of allowing the re-use of Temporarily De-Licensed Beds, including, but not limited to, the approval of the following projects.

- 700 Toll House Avenue Operations, LLC (AKA College View Center), Matter No. 12-10-2336
- Devlin Manor, Matter No. 07-01-2194
- Genesis Bayview SNF CON, Matter Number 11-24-2323
- Holy Hill Nursing and Rehabilitation Center, Matter No. 08-03-2285
- Levindale Hebrew Geriatric Center and Hospital, Inc., Matter No. 08-24-2247
- Lorien Lifecenter, Matter No. 06 -13-2185
- Lorien Lifecenter, Matter No. 05-13-2159
- Magnolia Center, Matter Number 11-16-2315
- NMS Healthcare of Hagerstown, Matter No. 10-21-2307
- The GREEN HOUSE® at Stadium Place, Matter Number 07-24-2224

The Commission granted these approvals irrespective of the net bed need projection in the jurisdiction in which the facilities are located, because the additional

beds being requested were temporarily de-licensed and already in the Commission's bed inventory. While the question implies that counting temporarily de-licensed beds does not increase the supply of beds "on paper," and that, in reality, it increases effective supply, this has always been the case, and the Commission has had a consistent practice of allowing the industry to re-purpose temporarily de-licensed beds. The industry should not be treated with arbitrary and capricious practices by the MHCC and should be able to rely on consistent application of its policies and standards. If the MHCC wishes to change this practice, it should do so via the Plan Development process and subject the proposed change to public debate and adoption through the regulatory process.

Lastly, allowing the industry to re-purpose beds that are already in the MHCC's inventory enables the industry to substitute new, state of the art capacity for older, out of date capacity. It also enables newer facilities to be more financially sound. Ingleside believes that these impacts benefit the community and that the long standing MHCC practice is good public policy.

- 7. Please elaborate on Ingleside's statement in response to the Need criterion that positions a decline in Montgomery County patient days from 1,484,749 in 2008 to 1,431,564 in 2012 as "stabiliz(ing) and ... showing a slight upward trend" despite a decline between 2011 and 2012. Perhaps displaying the data over a longer time horizon would more accurately depict trends.**

As Table B, on page 33 of the CON application (reproduced below) shows, the Percent Occupancy in the county declined in 2009 from 88.3% to 81.9%. It then began to improve and, in 2011, it reached 85.8%. The slight drop between 2011 and 2012 from 85.8% to 85.0% is hardly a significant decline, and the patient days continue to be

significantly higher than in both 2009 and 2010. Ingleside views this as evidence that facilities appear to have stabilized. The trend between 2009 and 2012 still is certainly a positive one.

Table B (Repeated)
Licensed Comprehensive Care Beds, Total Days, and Percent Occupancy
Montgomery County Nursing Homes
2008-2012

	Lic. Beds EOY	Bed Days	Comp Days	% Occ.
2008	4,607	1,681,555	1,484,749	88.3%
2009	4,620	1,686,300	1,380,560	81.9%
2010	4,638	1,692,870	1,394,401	82.4%
2011	4,621	1,686,665	1,447,161	85.8%
2012	4,604	1,685,064	1,431,564	85.0%

8. In addressing the need criterion, one statement the application makes is: "... the impetus for this project is to enable Ingleside to operate the nursing home beds more efficiently by operating at a higher census." This statement alludes to an institutional need of Ingleside; the need criterion asks the applicant to address community need and charges the Commission to "*consider whether the applicant has demonstrated unmet needs of the population to be served, and established that the proposed project meets those needs.*" Please document the unmet needs of the population to be served, and how this proposed project meets those needs.

While the Commission may project that there is an excess of nursing home beds in Montgomery County, Ingleside believes that there is a need for more beds in high quality facilities. Ingleside has always been a high quality facility and currently has a 4 star overall rating on the Medicare star rating system. Of the 34 facilities in Montgomery County, 9 have an overall rating of 2 stars or lower. These account for 1,024 of the 4,064 beds in the county (25.2%). Residents of Montgomery County deserve high

quality nursing care and accommodations, and having these public beds at Ingleside will benefit the community in this way.

Facilities	Licensed Beds	Overall Rating Number of Stars
Bethesda Health and Rehabilitation Center	185	2
Fairland Nursing & Rehabilitation Center	92	2
Fox Chase Nursing and Rehabilitation Center	74	2
Kensington Nursing & Rehabilitation Center	140	2
Layhill Center - Genesis Health Care	118	1
Shady Grove Center - Genesis HealthCare	134	1
Sligo Creek Nursing and Rehabilitation Center	102	2
Springbrook Center	87	2
Woodside Center	92	2
	1,024	

Ingleside's location is convenient to patients and families at nearby assisted living facilities that do not have associated CCF units. Since hearing of our intent to purchase the CON beds, Five Star Premier Residences of Chevy Chase has been calling us at least once a month to see whether we are ready to take their residents yet. One new Brightwood Assisted Living has opened in our area and a second is due to open shortly. Both lack a CCF unit. Currently, Ingleside cannot admit residents from these facilities. Furthermore, Ingleside's Medical Director and his partner also treat patients in private homes and assisted living facilities that do not have CCF beds. When these patients need nursing care, they would prefer to have continuity of care with their primary care physician in a high quality facility where their physicians are the Medical Director and back-up Medical Director.

All of the rooms at Ingleside will be private rooms. According to the 2012 MHCC Public Use Data Base, only 1,327 of the 4,604 licensed beds in Montgomery County are in private rooms (28.8%), 3,110 are in semi-private rooms, 39 are in three-person

rooms, and 128 are in four-person rooms. The benefits of private rooms have been well documented in the literature in terms of infection control and patient satisfaction.

Residents of the CCF beds would be able to take advantage of the large number of entertainment, educational, and social programs that occur at Ingleside. These programs are not available to residents of other nursing homes, and speak to the vibrancy of the Ingleside community as a whole where residents actively participate in planning activities and take part in governance of the continuing care retirement community.

Ingleside is very close (an eight minute drive) to Adventist HealthCare Shady Grove Medical Center. Ingleside has had discussions with John Sackett, President, Adventist HealthCare Shady Grove Medical Center, concerning Centers of Excellence. Shady Grove would like to collaborate with Ingleside and be able to discharge residents to both our AL and CCF. By joining together to provide coordinated high quality care to seniors, patients, especially the chronically ill, will benefit from receiving the right care in an organized approach that will effectively reduce medical errors and a duplication of services, and result in healthier seniors and less hospital recidivism.

Viability

- 9. In responding to part (a) of this criterion on p. 39 Ingleside states that "Table 3 shows that Ingleside is profitable on a cash basis." Review of Table 3, however, indicates profitability for the entire operation (including independent living) on a cash basis -- i.e., total operating revenues minus total operating expenses in 2013, 2015, and 2016 but not for 2012 and 2014. Meanwhile Table 4 shows the CCF component to be profitable on an accounting basis (including depreciation and amortization expenses) for all years.**

- a) Please amend the profitability statement to be more thorough and complete.**

Exhibit 4 includes corrected Tables 3 and 4.

- b) Explain why the Commission should take comfort in Ingleside's attainment of profitability "on a cash basis" and not be concerned that full cost allocation results in ongoing losses between \$7.8 and \$2.87 million would threaten the long term financial health of the organization.**

The cash basis profitability is suitable measure of our long –term viability. There are three separate issues here.

1. As a new facility that opened in 2009, Ingleside expected to have deficits in the first few years of operation while we built our census. This situation was expected in our initial feasibility study that is included in the Official Statement to our bond offering of 2007. In fact, we have done better than anticipated and have completely paid off the \$120 million short term bond in 2013. These bonds were dated for 2017. In 2014, we have reached stabilized occupancy in Independent Living as was demonstrated on CON Formset Table 1.
2. Depreciation and amortization of approximately \$6m per year reflect mostly the high cost of the building. We do not expect to have to replace it for at least 40 years, and, by then, the current long-term debt will be paid off in full (in fact it will be paid off in 2037). All building systems that have a shorter term life are well maintained, and we are in the process of working with a specialized engineering firm who will provide us with capital needs budgets for the next 20 years. That study will be repeated approximately every 3 – 4 years depending on their recommendation}.

3. Third, as residents turn over, our cash reserves increase. While Entrance Fees in a CCRC must be returned to residents who leave the community (or their heirs when the resident passes away), this only takes effect after their unit has been contracted by, and an Entrance Fee paid a subsequent. Due to the passage of time and inflation, the subsequent Entrance Fees are higher than the original ones, and therefore they increase the reserves. Entrance Fees are shown on the balance sheet as Payable. This is due to the requirements of GAAP. However, because they are never paid down and in fact increase over time, they are in the nature of equity. They do increase our reserves over time.

10. Please elaborate on the statement: "Once the additional CCRC Comprehensive Care beds were operational, Ingleside found that it had to staff the entire unit, even if there were only a couple of residents in these beds. (Today, Ingleside has 29 Comprehensive Care residents.) This disproportionately increased the expenses of operating the new unit."

a) Are you saying, in effect, that even though there were only 3 residents (i.e., 29 residents and 26 beds in the original CCF unit) in the newly-renovated 19-bed unit that you have to staff to cover 19 beds?

The statement Ingleside made in the CON application was a simplified version of what occurred. The explanation is somewhat more nuanced. Yes, even if there are only three residents on the unit, they do require a nurse and an aide in each shift. Further increases of census on that unit would not result in additional aides until a higher census level is achieved, and result in lower staffing costs per patient day. While it would be possible to transfer additional residents from the older CCF section to the

new unit, residents prefer their familiar environment, and, in certain cases, a change in locale can be unhealthy for the resident.

b) If this is so, why was this realization not anticipated?

This was not anticipated because, as described in the application, at the time these decisions were being made, Ingleside had to place six of its CCRC subscribers in other nursing homes. Ingleside believed at the time that this situation would persist and worsen, and that the unit would be operating at a much higher occupancy rate. However, the number of CCRC residents who need CCF beds declined.

Tables

11. Given the unique nature of this application that seeks to make existing CCRC-restricted beds publicly available, some customization of the approach to the tables in the application is required. Instructions follow immediately.

TABLE 2: STATISTICAL PROJECTIONS -PROPOSED PROJECT

Given that the "proposed project" is making 20 beds publicly available, submit statistics for the 20 beds proposed to be publicly available.

Please see Exhibit 5.

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

Given that the "proposed project" is making 20 beds publicly available, project the revenue/expenses for those 20 beds only. Again, the financial projections for Table 4 should flow from the utilization projections made in Table 2.

Please see Exhibit 6.

TABLE 5: REVENUES AND EXPENSES (for first year at full utilization)

The intent of this table is to get a picture of the finances and viability of the entire operation. Construct two versions of this table, one with the project and one without the project.

In responding to this question, Ingleside discovered that the original Table 5, as submitted in the CON application, is in error. Somehow, the expenses for Independent Living were not copied and pasted from its original spreadsheet to the CON application. A corrected Table 5 is included in Exhibit 7.

A version of Table 5 without the project can be found in Exhibit 8.

Exhibits

1. Renovation Costs in CON Project Budget Format
2. Corrected Project Budget
3. Table 2.1 from Ingleside's Actuary, A.V. Powell
4. Corrected Tables 3 and 4
5. TABLE 2: STATISTICAL PROJECTIONS -PROPOSED PROJECT – 20 Beds
6. TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT – 20 Beds
7. Corrected Table 5
8. Table 5, Excluding the Project
9. Affirmations

Exhibit 1
Renovation Costs in CON Project Budget Format

1. **Capital Costs:**

a. **New Construction**

(1)	Building	_____
(2)	Fixed Equipment (not included in construction	_____
(3)	Land Purchase	_____
(4)	Site Preparation	_____
(5)	Architect/Engineering Fees	_____
(6)	Permits (Building, Utilities, Etc.)	_____

SUBTOTAL \$0

b. **Renovations**

(1)	Building	<u>\$1,138,602</u>
(2)	Fixed Equipment (not included in construction	_____
(3)	Architect/Engineering Fees	<u>\$128,128</u>
(4)	Permits (Building, Utilities, Etc.)	<u>\$21,629</u>

SUBTOTAL \$1,288,359

c. **Other Capital Costs**

(1)	Major Movable Equipment	_____
(2)	Minor Movable Equipment	_____
(3)	Contingencies	_____
(4)	Other (Specify)	_____

SUBTOTAL \$0

TOTAL CURRENT CAPITAL COSTS (a - c) \$1,288,359

d. **Non-Current Capital Costs**

(1)	Inflation	_____
(2)	Capitalized Construction Interest	_____

TOTAL PROPOSED CAPITAL COSTS \$1,288,359

(a - e)

2. **Financing Cost and Other Cash Requirements:**

a.	Loan Placement Fees	_____
b.	Bond Discount	_____
c.	Legal Fees (CON Related)	_____

d. Legal Fees (Other)	_____
e. Printing	_____
f. Consultant Fees	_____
CON Application Assistance	_____
Other (Specify)	_____
g. Liquidation of Existing Debt	_____
h. Debt Service Reserve Fund	_____
i. Principal Amortization	_____
Reserve Fund	_____
j. Other (Bed Purchase)	_____
TOTAL (a - h)	\$0

3. Working Capital Startup Costs

TOTAL USES OF FUNDS (1 - 3)	\$1,288,359
------------------------------------	--------------------

B. Sources of Funds for Project:

1. Cash	<u>\$1,288,359</u>
2. Pledges: Gross less allowance for uncollectable = Net	_____
3. Gift, bequests	_____
4. Interest income (gross)	_____
5. Authorized Bonds	_____
6. Mortgage	_____
7. Working capital loans	_____
8. Grants or Appropriation	_____
(a) Federal	_____
(b) State	_____
(c) Local	_____
9. Other (Specify)	_____
TOTAL SOURCES OF FUNDS (1 - 9)	\$1,288,359

Exhibit 2
Corrected Project Budget

1. **Capital Costs:**

a. **New Construction**

- (1) Building _____
- (2) Fixed Equipment (not included in construction) _____
- (3) Land Purchase _____
- (4) Site Preparation _____
- (5) Architect/Engineering Fees _____
- (6) Permits (Building, Utilities, Etc.) _____

SUBTOTAL \$0

b. **Renovations**

- (1) Building _____
- (2) Fixed Equipment (not included in construction) _____
- (3) Architect/Engineering Fees _____
- (4) Permits (Building, Utilities, Etc.) _____

SUBTOTAL \$0

c. **Other Capital Costs**

- (1) Major Movable Equipment _____
- (2) Minor Movable Equipment _____
- (3) Contingencies _____
- (4) Other (Specify) _____

SUBTOTAL \$0

TOTAL CURRENT CAPITAL COSTS (a - c) \$0

d. **Non-Current Capital Costs**

- (1) Inflation _____
- (2) Capitalized Construction Interest _____

TOTAL PROPOSED CAPITAL COSTS \$0
(a - e)

2. **Financing Cost and Other Cash Requirements:**

- a. Loan Placement Fees _____
- b. Bond Discount _____
- c. Legal Fees (CON Related) \$40,000

d. Legal Fees (Other)	_____
e. Printing	_____
f. Consultant Fees	_____
CON Application Assistance	<u>\$20,000</u>
Other (Specify)	_____
g. Liquidation of Existing Debt	_____
h. Debt Service Reserve Fund	_____
i. Principal Amortization Reserve Fund	_____
j. Other (Bed Purchase)	<u>\$100,000</u>
TOTAL (a - h)	<u>\$160,000</u>
 3. <u>Working Capital Startup Costs</u>	 _____
 TOTAL USES OF FUNDS (1 - 3)	 <u>\$160,000</u>
 B. <u>Sources of Funds for Project:</u>	
1. Cash	<u>\$160,000</u>
2. Pledges: Gross less allowance for uncollectable = Net	_____
3. Gift, bequests	_____
4. Interest income (gross)	_____
5. Authorized Bonds	_____
6. Mortgage	_____
7. Working capital loans	_____
8. Grants or Appropriation	_____
(a) Federal	_____
(b) State	_____
(c) Local	_____
9. Other (Specify)	_____
 TOTAL SOURCES OF FUNDS (1 - 9)	 <u>\$160,000</u>

Exhibit 3
Table 2.1 from Ingleside's Actuary, A.V. Powell

ACTUARIAL COMPILATION REPORT
FOR
KING FARM PRESSYBTERIAN
RETIREMENT COMMUNITY, INC.
AS OF DECEMBER 31, 2011

prepared
April 30, 2012

6255 Barfield Road, NE, Suite 102
Atlanta, Georgia 30328-4332
404.845.0360
fax 404.845.0366
www.avpowell.com



Table 2.1

Ingleside at King Farm
Summary of Population Projection Statistics

Fiscal Year	Total Independent Living Turnover	Number of New Entrants	Number of Deaths or Move-outs	Average Number Total Residents	- - - Excludes Total Assisted Living *	MC Direct Entrants Total Nursing Care *	- - - Total Health Care *
2012 **	23	46	22	342	31	21	52
2013 **	22	36	28	368	39	22	61
2014	17	25	26	370	44	24	68
2015	19	27	27	369	48	27	74
2016	20	30	28	371	51	30	81
2017	20	30	29	372	53	33	86
2018	21	32	30	374	54	35	89
2019	22	33	30	376	56	37	92
2020	21	31	30	377	56	38	94
2021	21	32	31	378	56	40	96
2022	21	32	32	378	56	41	96
2023	21	31	31	378	54	41	96
2024	21	32	32	378	54	42	96
2025	21	31	31	378	54	42	96
2026	21	32	31	379	54	43	97
2027	21	32	32	379	54	44	98
2028	21	32	32	379	53	44	97
2029	21	32	31	379	53	45	98
2030	21	31	31	379	52	46	98
2031	21	32	32	379	52	46	98

* The values in columns six, seven, and eight reflect the average during the year.

** The values in column five reflect average occupancy.

SOME COLUMNS OR ROWS MAY NOT ADD DUE TO ROUNDING.



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Exhibit 4
Corrected Tables 3 and 4

TABLE 3: REVENUES AND EXPENSES - Entire Facility

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
CY or FY (Bold)	2012	2013	2014	2015	2016
1. Revenues					
a. Inpatient Services	\$15,796,505	\$17,937,356	\$19,134,409	\$21,956,000	\$22,778,000
b. Outpatient Services					
c. Gross Patient Service Revenues	\$15,796,505	\$17,937,356	\$19,134,409	\$21,956,000	\$22,778,000
d. Allowance for Bad Debt	\$36,602	\$45,503	\$50,000	\$109,000	\$113,000
e. Contractual Allowance	\$244,890	\$283,079	\$300,000	\$400,000	\$420,000
f. Charity Care	\$0		\$105,000	\$75,000	\$75,000
g. Net Patient Care Service Revenues	\$15,515,013	\$17,608,774	\$18,679,409	\$21,372,000	\$22,170,000
h. Other Operating Revenues (Specify)	\$311,144	\$154,737	\$250,000	\$833,000	\$889,000
i. Total Operating Revenues	\$15,826,157	\$17,763,511	\$18,929,409	\$22,205,000	\$23,059,000
2. Expenses					
a. Salaries, Wages and Professional Fees (including fringe benefits)	\$6,476,127	\$6,740,040	\$7,683,664	\$8,067,847	\$8,309,883
b. Contracted Services (Medical Director, Therapy, Consulting, Housekeeping, Laundry)	\$563,012	\$685,479	\$659,380	\$679,161	\$699,536
c. Interest on Current Debt	\$3,391,880	\$2,870,352	\$2,815,000	\$2,757,000	\$2,696,000
d. Interest on Project Debt					
e. Current Depreciation	\$6,227,366	\$6,304,085	\$5,369,964	\$5,038,000	\$5,268,000
f. Project Depreciation					
g. Current Amortization	\$987,201	\$747,567	\$746,760	\$738,000	\$734,000
h. Rent					
i. Supplies					
j. Other (Specify)	\$5,986,862	\$6,399,620	\$6,795,111	\$7,777,991	\$8,220,581
k. Total Operating Expenses	\$23,632,448	\$23,747,143	\$24,069,879	\$25,058,000	\$25,928,000

Table 3 Continued	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
CY or FY (Bold)	2012	2013	2014	2015	2016
3. Income					

a. Income from Operations	(\$7,806,291)	(\$5,983,632)	(\$5,140,470)	(\$2,853,000)	(\$2,869,000)
b. Non-Operating Income (Specify)					
c. Subtotal	(\$7,806,291)	(\$5,983,632)	(\$5,140,470)	(\$2,853,000)	(\$2,869,000)
d. Income Taxes					
e. Net Income (Loss)	(\$7,806,291)	(\$5,983,632)	(\$5,140,470)	(\$2,853,000)	(\$2,869,000)
f. Net Income (Loss) before Depreciation and Amortization	(\$591,724)	\$1,068,020	\$976,254	\$2,923,000	\$3,133,000
4. Patient Mix:					
A. Percent of Net Patient Service Revenues					
1) Medicare	3.7%	3.1%	2.9%	6.1%	7.9%
2) Medicaid	0.7%	0.5%	0.7%	2.5%	3.0%
3) Commercial Insurance					
4) Self-Pay	95.7%	96.4%	97.1%	91.4%	89.1%
5) Other (HMO)					
6) TOTAL	100.0%	100.0%	100.7%	100.0%	100.0%
B. Percent of Patient Days by Payor Source					
1) Medicare	1.2%	0.9%	1.0%	2.8%	2.8%
2) Medicaid	0.7%	0.6%	0.6%	2.5%	2.5%
3) Commercial Insurance					
4) Self-Pay	98.1%	98.6%	98.4%	94.6%	94.7%
5) Other (HMO)					
6) TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

TABLE 4: REVENUES AND EXPENSES - The Project

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
CY or FY (Bold)	2012	2013	2014	2015	2016
1. Revenues					
a. Inpatient Services	\$3,104,183	\$3,738,204	\$3,830,000	\$6,100,000	\$7,164,035
b. Outpatient Services	\$0	\$0	\$0	\$0	\$0
c. Gross Patient Service Revenues	\$3,104,183	\$3,738,204	\$3,830,000	\$6,100,000	\$7,164,035
d. Allowance for Bad Debt	\$27,452	\$34,127	\$37,500	\$81,750	\$84,750
e. Contractual Allowance	\$244,890	\$283,079	\$300,000	\$400,000	\$420,000
f. Charity Care	\$0	\$0	\$0	\$0	\$0
g. Net Patient Care Service Revenues	\$2,831,842	\$3,420,998	\$3,492,500	\$5,618,250	\$6,659,285
h. Other Operating Revenues (Specify)	\$0	\$0	\$0	\$0	\$0
i. Total Operating Revenues	\$2,831,842	\$3,420,998	\$3,492,500	\$5,618,250	\$6,659,285
2. Expenses					
a. Salaries, Wages and Professional Fees (including fringe benefits)	\$1,286,155	\$1,291,289	\$1,630,028	\$2,820,236	\$2,820,236
b. Contracted Services (Medical Director, Therapy, Consulting, Housekeeping, Laundry)	\$494,294	\$549,531	\$530,000	\$495,000	\$489,675
c. Interest on Current Debt	\$217,079	\$214,930	\$212,802	\$212,376	\$211,633
d. Interest on Project Debt	\$0	\$0	\$0	\$0	\$0
e. Current Depreciation	\$430,073	\$425,815	\$421,599	\$420,756	\$413,577
f. Project Depreciation	\$0	\$0	\$0	\$0	\$0
g. Current Amortization	\$59,807	\$59,215	\$58,629	\$58,512	\$57,598
h. Rent					
i. Supplies					
j. Other (Specify)	\$161,753	\$166,323	\$250,000	\$350,000	\$400,000
k. Total Operating Expenses	\$2,649,162	\$2,707,103	\$3,103,058	\$4,356,880	\$4,392,719

Table 4 Continued	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
CY or FY (Bold)	2012	2013	2014	2015	2016
3. Income					
a. Income from Operations	\$182,680	\$713,894	\$389,442	\$1,261,370	\$2,266,566

b. Non-Operating Income (Specify)	\$0	\$0	\$0	\$0	\$0
c. Subtotal	\$182,680	\$713,894	\$389,442	\$1,261,370	\$2,266,566
d. Income Taxes					
e. Net Income (Loss)	\$182,680	\$713,894	\$389,442	\$1,261,370	\$2,266,566
f. Net Income (Loss) before Depreciation and Amortization	\$672,560	\$1,198,925	\$869,670	\$1,740,638	\$2,737,741
4. Patient Mix:					
A. Percent of Net Patient Service Revenues					
1) Medicare	20.1%	15.8%	17.5%	25.0%	27.1%
2) Medicaid	5.6%	2.8%	3.0%	10.0%	10.2%
3) Commercial Insurance	0.0%	0.0%			0.0%
4) Self-Pay	74.4%	81.4%	79.5%	65.0%	62.7%
5) Other (HMO)					
6) TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
B. Percent of Patient Days by Payor Source					
1) Medicare	15.8%	12.3%	10.6%	28.6%	28.6%
2) Medicaid	6.0%	4.8%	0.0%	19.0%	19.0%
3) Commercial Insurance	0.0%	0.0%	0.0%	0.0%	0.0%
4) Self-Pay	78.2%	82.9%	89.4%	52.4%	52.4%
5) Other (HMO)					
6) TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 5
TABLE 2: STATISTICAL PROJECTIONS -PROPOSED PROJECT – 20 Beds

TABLE 2: STATISTICAL PROJECTIONS - The Project

20 Beds Only

	Two Most Actual Ended		Current Year	Projected Years	
	Recent Years		Estimated	(Ending with first full year at full utilization)	
CY or FY (Bold)				2015	2016
1. Admissions					
a. ECF					
b. Comprehensive				55	210
c. Assisted Living					
d. Respite Care*					
e. Adult Day Care					
f. Other (Patial Psych Hosp.)					
f. Other (Chronic)					
g. TOTAL	-	-	-	55	210
2. Patient Days					
a. ECF					
b. Comprehensive				1,825	5,110
c. Assisted Living					
d. Respite Care*					
e. Adult Day Care					
f. Other (Patial Psych Hosp.)					
f. Other (Chronic)					
g. TOTAL	-	-	-	1,825	5,110
3. Occupancy Percentage					
a. ECF					
b. Comprehensive				25.0%	70.0%
c. Assisted Living					
d. Respite Care*					
e. Adult Day Care					
f. Other (Patial Psych Hosp.)					
f. Other (Chronic)					
f. TOTAL				25.0%	70.0%

	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
CY or FY (Bold)				2015	2016
4. Number of Beds					
a. ECF					
b. Comprehensive				20	20
c. Assisted Living					
d. Respite Care*					
e. Adult Day Care					
f. Other (Patial Psych Hosp.)					
f. Other (Chronic)					
g. TOTAL	-	-	-	20	20

Exhibit 6
TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT – 20 Beds

TABLE 4: REVENUES AND EXPENSES - The Project

20 Beds

(INSTRUCTION: Each applicant should complete this table for the proposed project only)

	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
CY or FY (Bold)				2015	2016
1. Revenues					
a. Inpatient Services				\$1,220,000	\$3,416,000
b. Outpatient Services					
c. Gross Patient Service Revenues				\$1,220,000	\$3,416,000
d. Allowance for Bad Debt				\$6,100	\$17,080
e. Contractual Allowance				\$100,000	\$250,000
f. Charity Care					
g. Net Patient Care Service Revenues				\$1,113,900	\$3,148,920
h. Other Operating Revenues (Specify)				\$35,000	\$120,000
i. Total Operating Revenues	\$0	\$0	\$0	\$1,148,900	\$3,268,920
2. Expenses					
a. Salaries, Wages and Professional Fees (including fringe benefits)				\$564,050	\$1,432,807
b. Contracted Services (Medical Director, Therapy, Consulting, Housekeeping, Laundry)				\$99,000	\$195,870
c. Interest on Current Debt				\$42,475	\$84,653
d. Interest on Project Debt					
e. Current Depreciation				\$84,151	\$165,431
f. Project Depreciation					
g. Current Amortization				\$11,702	\$23,039
h. Rent					
i. Supplies					
j. Other (Specify)				\$70,000	\$160,000
k. Total Operating Expenses	\$0	\$0	\$0	\$871,379	\$2,061,800

Table 4 Continued	Two Most Actual Ended Recent Years		Current Year Estimated	Projected Years (Ending with first full year at full utilization)	
CY or FY (Bold)				2015	2016
3. Income					
a. Income from Operations	\$0	\$0	\$0	\$277,521	\$1,207,120
b. Non-Operating Income (Specify)					
c. Subtotal	\$0	\$0	\$0	\$277,521	\$1,207,120
d. Income Taxes					
e. Net Income (Loss)	\$0	\$0	\$0	\$277,521	\$1,207,120
f. Net Income (Loss) before Depreciation and Amortization	\$0	\$0	\$0	\$373,375	\$1,395,590
4. Patient Mix:					
A. Percent of Net Patient Service Revenues					
1) Medicare				54.1%	54.6%
2) Medicaid				45.9%	45.4%
3) Commercial Insurance					
4) Self-Pay					
5) Other (HMO)					
6) TOTAL	0.0%	0.0%	0.0%	100.0%	100.0%
B. Percent of Patient Days by Payor Source					
1) Medicare				55.0%	55.0%
2) Medicaid				45.0%	45.0%
3) Commercial Insurance					
4) Self-Pay					
5) Other (HMO)					
6) TOTAL	0.0%	0.0%	0.0%	100.0%	100.0%

Exhibit 7
Corrected Table 5

TABLE 5. REVENUES AND EXPENSES - (for first full year at full utilization)

Includes the PROJECT

(INSTRUCTION: Group revenues and expenses by service category)

	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Independent Living	TOTAL
CY or FY (Bold)	2016	2016	NA	NA	NA	2016	2016
1. Revenues							
a. Inpatient Services	\$6,743,000	\$3,582,000				\$12,453,000	\$22,778,000
b. Outpatient Services	\$0	\$0				\$0	
c. Gross Patient Service Revenue	\$6,743,000	\$3,582,000				\$12,453,000	\$22,778,000
d. Allowance for Bad Debt	\$33,715	\$17,910				\$61,375	\$113,000
e. Contractual Allow.	\$420,000	\$0				\$0	\$420,000
f. Charity Care	\$50,000	\$0				\$25,000	\$75,000
g. Net Patient Care Services Revenue	\$6,239,285	\$3,564,090				\$12,366,625	\$22,170,000
h. Other Operating Revenue (Med B Rehab)	\$420,000	\$0				\$469,000	\$889,000
i. Total Operating Revenues	\$6,659,285	\$3,564,090				\$12,835,625	\$23,059,000
2. Expenses							
a. Salaries, Wages and Professional Fees (including fringe benefits)	\$2,820,236	\$882,297				\$4,607,350	\$8,309,883
b. Contracted Serv.	\$489,675	\$174,884				\$34,977	\$699,536
c. Interest on Current Debt	\$211,633	\$267,913				\$2,216,454	\$2,696,000
d. Interest on Project Debt	\$0	\$0					\$0
e. Current Depreciation	\$413,577	\$523,560				\$4,330,863	\$5,268,000
f. Project Depreciation	\$0	\$0					\$0
g. Current Amortization	\$57,598	\$72,915				\$603,487	\$734,000
h. Rent	\$0	\$0					\$0
i. Supplies							\$0

Table 5 cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Independent Living	TOTAL
j. Other Expenses	\$400,000	\$115,000				\$7,705,581	\$8,220,581
k. Total Operating Expenses	\$4,392,719	\$2,036,569				\$19,498,712	\$25,928,000
3. Income							
a. Income from Operations	\$2,266,566	\$1,527,521				(\$6,663,087)	(\$2,869,000)
b. Non-Operating Income	\$0	\$0				\$0	\$0
c. Subtotal	\$2,266,566	\$1,527,521				(\$6,663,087)	(\$2,869,000)
d. Income Taxes	\$0	\$0				\$0	\$0
e. Net Income (Loss)	\$2,266,566	\$1,527,521				(\$6,663,087)	(\$2,869,000)
f. Net Income (Loss) before Depreciation & amortization	\$2,737,741	\$2,123,996				(\$1,728,737)	\$3,133,000
4. Patient Mix:							
A. Percent of Gross Patient Service Revenue							
1. Medicare	27.1%	0.0%					
2. Medicaid	10.2%	0.0%					
3. Commercial Insurance.	0.0%	0.0%					
4. Self-Pay	62.7%	100.0%				100.0%	
5. Other (Specify)							
6. TOTAL	100.0%	100.0%				100.0%	

Table 5 cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
B. Percent of Patient Days by Payor Source							
1. Medicare	28.6%	0.0%					
2. Medicaid	19.0%	0.0%					
3. Commercial Insurance.	0.0%	0.0%					
4. Self-Pay	52.4%	100.0%				100.0%	

5. Other (Specify)							
6. TOTAL	100.0%	100.0%				100.0%	0.0%

C. Medicaid Analysis		
	Patient Days	Daily Rates
a. Light	263	\$ 204.35
b. Moderate	1,372	\$ 226.54
c. Heavy	1,051	\$ 226.54
d. Heavy Special	234	\$ 260.38
e. TOTAL	2,920	

Exhibit 8
Table 5, Excluding the Project

TABLE 5. REVENUES AND EXPENSES - (for first full year at full utilization)

Excludes the PROJECT

(INSTRUCTION: Group revenues and expenses by service category)

	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Independent Living	TOTAL
CY or FY (Bold)	2016	2016	NA	NA	NA	2016	2016
1. Revenues							
a. Inpatient Services	\$3,327,000	\$3,582,000				\$12,453,000	\$19,362,000
b. Outpatient Services	\$0	\$0				\$0	
c. Gross Patient Service Revenue	\$3,327,000	\$3,582,000				\$12,453,000	\$19,362,000
d. Allowance for Bad Debt	\$16,635	\$17,910				\$61,375	\$95,920
e. Contractual Allow.	\$170,000	\$0				\$0	\$170,000
f. Charity Care	\$50,000	\$0				\$25,000	\$75,000
g. Net Patient Care Services Revenue	\$3,090,365	\$3,564,090				\$12,366,625	\$19,021,080
h. Other Operating Revenue (Med B Rehab)	\$300,000	\$0				\$469,000	\$769,000
i. Total Operating Revenues	\$3,390,365	\$3,564,090				\$12,835,625	\$19,790,080
2. Expenses							
a. Salaries, Wages and Professional Fees (including fringe benefits)	\$1,387,429	\$882,297				\$4,607,350	\$6,877,076
b. Contracted Serv.	\$293,805	\$174,884				\$34,977	\$503,666
c. Interest on Current Debt	\$211,633	\$267,913				\$2,216,454	\$2,696,000
d. Interest on Project Debt	\$0	\$0					\$0
e. Current Depreciation	\$413,577	\$523,560				\$4,330,863	\$5,268,000
f. Project Depreciation	\$0	\$0					\$0
g. Current Amortization	\$57,598	\$72,915				\$603,487	\$734,000
h. Rent	\$0	\$0					\$0
i. Supplies							\$0

Table 5 cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Independent Living	TOTAL
j. Other Expenses	\$240,000	\$115,000				\$7,705,581	\$8,060,581
k. Total Operating Expenses	\$2,604,042	\$2,036,569				\$19,498,712	\$24,139,323
3. Income							
a. Income from Operations	\$786,323	\$1,527,521				(\$6,663,087)	(\$4,349,243)
b. Non-Operating Income	\$0	\$0				\$0	\$0
c. Subtotal	\$786,323	\$1,527,521				(\$6,663,087)	(\$4,349,243)
d. Income Taxes	\$0	\$0				\$0	\$0
e. Net Income (Loss)	\$786,323	\$1,527,521				(\$6,663,087)	(\$4,349,243)
f. Net Income (Loss) before Depreciation & Amortization	\$1,257,498	\$2,123,996				(\$1,728,737)	\$1,652,757
4. Patient Mix:							
A. Percent of Gross Patient Service Revenue							
1. Medicare	27.1%	0.0%					
2. Medicaid	10.2%	0.0%					
3. Commercial Insurance.	0.0%	0.0%					
4. Self-Pay	62.7%	100.0%				100.0%	
5. Other (Specify)							
6. TOTAL	100.0%	100.0%				100.0%	

Table 5 cont.	Comp Care	Assisted Living	Extended Care	Respite Care	Adult Day Care	Community Based Services	TOTAL
B. Percent of Patient Days by Payor Source							
1. Medicare	3.0%	0.0%					
2. Medicaid	5.8%	0.0%					
3. Commercial Insurance.	0.0%	0.0%					
4. Self-Pay	91.2%	100.0%				100.0%	
5. Other (Specify)							
6. TOTAL	100.0%	100.0%				100.0%	0.0%

C. Medicaid Analysis		
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	Patient Days	Daily Rates
a. Light	56	\$ 204.35
b. Moderate	292	\$ 226.54
c. Heavy	223	\$ 226.54
d. Heavy Special	50	\$ 260.38
e. TOTAL	621	

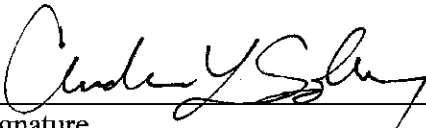
Exhibit 9
Affirmations

I hereby declare and affirm under the penalties of perjury that the facts stated in this Completeness and Additional Information response are true and correct to the best of my knowledge, information, and belief.

Signature 1.3

Date 10/24/2014

I hereby declare and affirm under the penalties of perjury that the facts stated in this Completeness and Additional Information response are true and correct to the best of my knowledge, information, and belief.


Signature

10/24/14
Date